

NOTE TO THE PUBLIC: The Division invites public discussion on the draft proposal to revise the regulation that provides for the collection of funds to repay the General Fund loan used to initially establish the DWC Managed Care program.

The first proposed change would require the annual assessment currently paid in two installments by HCOs to fund the administration of the managed care program to be paid in a single payment.

The second proposed change would revise the existing regulation to reduce the portion of the loan to be repaid in Fiscal Year 2004/2005 from one third of the existing loan balance to one fourth of the existing loan balance. This would reduce the surcharge to be collected in Fiscal Year 2004/2005.

The third proposed change would require submission of a monthly report of total enrollment for the preceding month.

The remainder of the regulation would remain unchanged.

The Division is looking forward to receiving public comment on this proposal through this Forum.

Title 8, California Code of Regulations - Industrial Relations
Division 1. Department of Industrial Relations
Chapter 4.5. Division of Workers' Compensation
Subchapter 1. Administrative Director - Administrative Rules
Article 4. Certification Standards for Health Care Organizations

Section 9779.5 - Reimbursement of Costs to the Administrative Director; Obligation to Pay Share of Administrative Expense; Monthly Report of Enrollment

(a) Each organization certified under this article shall pay to the administrative director an amount as estimated by the administrative director for the ensuing fiscal year, as a reimbursement of a share of all costs and expenses, including routine on-site surveys, data collection and dissemination and overhead, reasonably incurred in the administration of this article and not otherwise recovered by the administrative director under this article or from the Worker's Compensation Managed Care Fund. The amount shall be assessed annually on or before April 15 and ~~may shall~~ be paid to the Workers' Compensation Managed Care Fund ~~in two equal installments. The first installment shall be paid on or before July 1 of each year and the second installment shall be paid on or before December 15 of each year of that year.~~

(1) Annual Assessment: The assessment shall be calculated on the basis of the number of enrollees in each individual HCO. Each HCO will be assessed a sum equivalent to \$1.00 per enrollee, based on the number of enrollees enrolled in the HCO on December 31 of the prior calendar year.

(2) Loan Repayment Surcharge: Each HCO will be assessed an annual surcharge of fifty cents per enrollee, based on the number of enrollees in the HCO on December 31 of the prior calendar year, until the loan is fully repaid. This surcharge will be used solely to reimburse the general fund for the loan made to the Workers' Compensation Managed Care Fund. The surcharge shall be assessed at this level for up to five years, commencing with the 1999 assessment. If the general fund loan has not been fully repaid after five years, the annual surcharge for each HCO shall be adjusted the following three years to fully repay the loan as follows:

2004: (~~One-third~~ one fourth of outstanding loan balance) divided by (total number of enrollees in all certified HCOs) times (number of enrollees in HCO)

2005: (One-half of outstanding loan balance) divided by (total number of enrollees in all certified HCOs) times (number of enrollees in HCO)

2006: (Total outstanding loan balance) divided by (total number of enrollees in all certified HCOs) times (number of enrollees in HCO)

(b) Non-routine audits conducted in response to complaints will be charged based on the actual cost for performing the audit. The invoice will be sent within sixty days of the completion of the audit and shall be paid within 30 calendar days after the billing date.

(c) In no case shall the reimbursement, payment, or other fee authorized by this section exceed the cost, including overhead, reasonably incurred in the administration of this article.

(d) Each Health Care Organization shall report to the Administrative Director, by the fifteenth day of each month, its total enrollment as of the first day of that month.

Authority cited: Sections 133, 4600.5, 4600.7, 4603.5 and 5307.3, Labor Code. Reference: Sections 4600 and 4600.5, Labor Code.